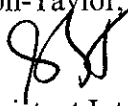


**MEMORANDUM NO. 10-30**

**DATE:** April 21, 2010

**TO:** Kathleen Gunn, Grants and Legislative Affairs Director  
Jeffrey A. Justinak, Acting Fire Chief

**VIA:** Shonda Singleton-Taylor, Acting Director, Office of Management and Budget (OMB) 

**FROM:** Renee Foley, Assistant Internal Audit Director/OMB

**SUBJECT:** *Review of Water Safety Education (SWIM Central) Grant*

**BACKGROUND**

The City of Fort Lauderdale (Contractor/City) was awarded a Broward County (County/grantor) SWIM Central Grant in the amount of \$30,000 to provide water safety education to elementary and middle school aged children taught by a certified Ocean Rescue Lifeguard. The Fire-Rescue Department and Grants and Legislative Affairs Office are responsible for the City's compliance with the requirements of the terms and conditions in the grant agreement.

**SCOPE**

As part of the grant agreement between the City and County, the City's Internal Audit Division was required to determine whether the revenues and amounts received from the County were expended in accordance with the agreement and to determine compliance with the various requirements. We provided the County with a special report together with a financial statement for the SWIM Central program (**Exhibit**). As part of the grant review, our overall objective was to evaluate the effectiveness and adequacy of the City's internal control systems and procedures used to administer and monitor compliance with agreement requirements. We discussed policy and procedures, processes, and reviewed documentation/transactions for the period of October 1, 2007 through September 30, 2009.

**OVERALL EVALUATION**

Management can improve their effectiveness over the administration and monitoring of the grant agreement. We noted certain conditions that warrant management's attention to enhance the overall internal control environment, assist in future audit reviews, and securing of grants.

**FINDING**

*Internal controls were not adequate to ensure compliance with requirements in the grant agreement and not all allowable/eligible expenditures were posted to the grant index code.*

**MEMORANDUM NO. 10-30**

*Grant Agreement, Article 2. Compensation, Section 2.1 states, "Contractor shall register all students for the water safety education classes,... County agrees to reimburse Contractor on a monthly basis, Twenty-five Dollars (\$25.00) per session and One Dollar (\$1.00) per participant. Contractor's monthly attendance sheets and Invoice shall be submitted to County for payment of such services." Section 2.3 states, "The maximum amount of compensation to be paid by County to Contractor for services rendered under this Agreement shall be Thirty Thousand Dollars (\$30,000.00)."*

*Exhibit "A" Scope of Services states, "Billing and a student roster for the Whales Tales program will be submitted to Broward County SWIM Central monthly at the close of each month."*

Our review revealed the following internal control weaknesses and/or conditions found.

- Only \$1,482 of \$30,000 (5%) was utilized during the 2-year grant period.
- Written approval to not comply with certain requirements in the grant agreement was not obtained prior to expiration date.
- In FY08/09, a form was developed/used by the City that did not require completion by/signature of the teacher/school. Although in FY07/08, signed letters from the schools were obtained as evidence that presentations took place.
- The City received reimbursement from the grantor for an invoice without expenditures recorded/posted in FAMIS to the grant index code since no system was in place from the onset of the project to transfer via expenditure transfer voucher (ETV) hours/dollars for services rendered in FY07/08.
- The City did not bill the grantor monthly as required in the grant agreement.

Presentation Date	Date Billed	Months Late
5/15/2008	8/29/2008	3
5/1/2009	9/25/2009	4
5/7/2009		
5/8/2009		
5/15/2009		
5/21/2009		

## MEMORANDUM NO. 10-30

Proper planning and administration of public funds will ensure sufficient resources are available to fulfill project commitments and not jeopardize future funding. Furthermore, posting of all allowable/eligible expenditures will provide accurate/complete financial records in the accounting system and when reporting to the grantor.

Request written comments be provided to all recommendations with corrective action taken or planned by *May 11, 2010*.

### **RECOMMENDATIONS AND MANAGEMENT COMMENTS**

The *Acting Fire Chief* should:

**Recommendation 1.** *Determine whether resources (i.e., manpower) are available to fulfill utilization of funding amount applied for. The same should be done whether or not a grant application is required and prior to submission.*

**Management Comment.** *Management concurred with the finding and recommendation and stated: “Resources will be made available when application is made to fulfill utilization of the full funding amount.” This item is closed.*

**Recommendation 2.** *Consult with the Public Safety Grants Manager and Finance to clearly establish how expenditures will be utilized and processed/submitted for reimbursement prior to submission of the grant application (i.e., reimbursement in the grant agreement based on session/participant instead of hours of services rendered for classes).*

**Management Comment.** *Management concurred with the finding and recommendation and stated: “Fire-Rescue will consult with the Public Safety Grants Manager and Finance to establish how expenditures will be utilized and processed. A more detailed initial review, as well as regular administration oversight will prove to be beneficial in an effort to avoid similar occurrences.” This item is closed.*

**Recommendation 3.** *Request and receive required written approval(s) from the grantor prior to any changes/omissions to scope of services.*

**MEMORANDUM NO. 10-30**

**Management Comment.** *Management concurred with the finding and recommendation and stated:* “If there are any changes, written approval will be obtained from the grantor prior to any changes to the scope of services being made.” **This item is closed.**

**Recommendation 4.** *Enforce grant agreement terms and conditions to ensure grant compliance.*

**Management Comment.** *Management concurred with the finding and recommendation and stated:* “Fire-Rescue will enforce grant agreement terms and conditions for compliance.” **This item is closed.**

The *Grants and Legislative Affairs Director* should require the *Public Safety Grants Manager* to:

**Recommendation 5.** *If departments have not determined how expenditures will be utilized and processed/submitted for reimbursement, consult with Finance prior to submission of the grant application. Furthermore, include this process in Grants Workflow Chart/Narrative.*

**Management Comment.** *Management concurred with the finding and recommendation and stated:* “In an effort to ensure that Departments have pre-determined how grant funded expenditures will be utilized and processed/submitted for reimbursement, the following language was incorporated into the draft Grants Policies and Procedures Manual, whose final version will be disseminated for implementation by all City Departments by June 30, 2010.

**1.2 Grant Award – Project Setup**

<b><i>Subject:</i></b>	Grant Award - Project Setup
<b><i>Policy:</i></b>	<i>It is the responsibility of the Department to ensure grant accounting is properly setup and expenditures and revenues will be appropriately booked.</i>

Upon notification of a grant award, it is the responsibility of the Department to initiate a dialogue with the Department’s budget coordinator and the City’s Treasury accountant to ensure grant accounting is setup properly and expenditures and revenues will be properly booked.” **Estimated completion date June 30, 2010.**

## MEMORANDUM NO. 10-30

**Recommendation 6.** *Resolve any outstanding issues (i.e., written approvals from grantor, ETV(s), etc.) within the grant period and/or prior to financial closeout of the fiscal year.*

**Management Comment.** *Management concurred with the finding and recommendation and stated:* “In order to ensure that all outstanding grant issues have been resolved prior to the end of the grant period and/or close of the fiscal year, the PSGM Manager will communicate and/or meet regularly with the Grantor and the City's Implementing Department.” **This item is closed.**

**Recommendation 7.** *Enforce grant agreement terms and conditions to ensure grant compliance (i.e., invoice timely/monthly).*

**Management Comment:** *Management concurred with the finding and recommendation and stated:* “In order to ensure compliance under all future grants, the PSGM will enforce the specific terms and conditions of each grant agreement while employing proactive grants management practices.” **This item is closed.**

### **ADDITIONAL MANAGEMENT COMMENTS**

“During the course of the program it was discovered that resources were not available to fulfill utilization of the grant-funding amount applied for. This in part was due to some fundamental changes made in the initial proposal and discovery that the program was not in fact a “grant”, but better defined under the auspices of a contract/agreement. Responsibility for the program changed hands through Fire-Rescue departmental attrition near the end of the program and the determination was made not to renew, based on interpretive issues associated with the initial application, “defined as a grant”.

Discussions took place with the grants office and finance towards the end of the grant participation, as there were notable concerns that the “grant” was not appropriately categorized. It wasn't until late in the process that determination was made that the grant should have been submitted as a contract/agreement. Through subsequent review of data, paperwork, and other responsibilities of the program, it was established the proposal itself was confusing and inadequate.

## **MEMORANDUM NO. 10-30**

Approvals from the grantor regarding changes are necessary. More communication and overall coordination from the grant office is needed. Because the initial program was discovered to not actually be a grant many questions were unanswered and better direction should take place in future endeavors.

As elaborated previously, it was incorrectly presented as a grant, rather than as contract/agreement. Hence, it should have been maintained under the grant confines and compliant with all the respective terms and conditions. This can be avoided in the future, through correct interpretation and/or during processing through the appropriate approval path.”

SST/RF/am ROA No. 09/10-XX-04

c: George Gretsas, City Manager  
David Hebert, Assistant City Manager  
Allyson C. Love, Assistant City Manager  
Ted Lawson, Assistant City Manager  
Lynda Flynn, Interim Director of Finance  
Tymira Mack, Public Safety Grants Manager  
Dawn Johnson, Treasury Accountant II



CITY OF  
**FORT LAUDERDALE**

*Venice of America*

January 21, 2010

Certified Mail #7009 0080 0000 1175 3700

Bob Harbin, Director  
 Broward County Parks and Recreation Division  
 950 NW 38<sup>th</sup> Street  
 Oakland Park, Florida 33309

**Subject:** Special Report – Agreement between Broward County and the City of Fort Lauderdale for Water Safety Instruction/Education (SWIM Central)

Dear Mr. Harbin:

The Internal Audit Division has applied certain audit procedures, as discussed below, to the accounting records of the City of Fort Lauderdale (City) in order to determine compliance with the requirements applicable to the **SWIM Central Grant** as detailed in the accompanying schedule of revenues and expenditures for the period ending September 30, 2009. The management of the Fire-Rescue Department and Grants and Legislative Affairs Office is responsible for the City's compliance with those requirements. Our responsibility is to determine whether the revenues and amounts received from Broward County were expended in accordance with the agreement and to determine compliance with those requirements based on our review.

We conducted our audit in accordance with generally accepted government auditing standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether material noncompliance with the requirements referred to above occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements.

The results of our tests indicate that with respect to the items tested, the City did not comply with the following provisions of the agreement.

- Article 1 Scope of Services, Section 1.5: Signed waiver and release of liability forms for participants (minors).
- Exhibit "A": Submission of student rosters and minimum number of participants.
- Signed verification form by school to confirm each presentation took place and materials distributed to participants.

However, the City subsequently obtained written approval from the Broward County SWIM Central Director indicating they did not need to comply with certain provisions in the agreement for dry land presentations (Attachment). The revenues and amounts due from Broward County were expended in accordance with the agreement.

OFFICE OF MANAGEMENT AND BUDGET  
 100 NORTH ANDREWS AVENUE, FORT LAUDERDALE, FLORIDA 33301  
 TELEPHONE: (954) 828-5852, FAX (954) 828-5850  
[www.fortlauderdale.gov](http://www.fortlauderdale.gov)



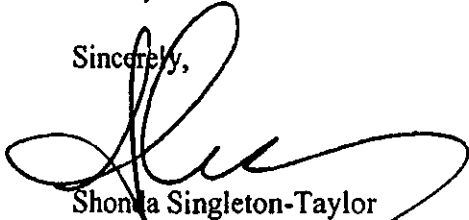
Mr. Bob Harbin

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1/21/10

With respect to the items not tested, nothing came to our attention that caused us to believe the City had not complied in all material respects with those provisions. Additionally, it was determined that there were no funds, including interest earned on such funds, due back to the County.

Sincerely,



Shonda Singleton-Taylor  
Acting Director, Office of Management and Budget

SST/RF/am/10-02/ROA No. 09/10-XX-03

Enclosures – Schedule and Attachment

c: Matthew Berman, SWIM Central Director, Broward County Parks and Recreation Division  
George Gretsas, City Manager  
David Hebert, Assistant City Manager  
Allyson C. Love, Assistant City Manager  
Ted Lawson, Assistant City Manager  
Jeffrey A. Justinak, Acting Fire Chief  
John Molenda , Division Chief  
Kathleen Gunn, Director of Grants and Legislative Affairs  
Tymira Mack, Public Safety Grants Manager  
Lynda Flynn, Interim Director of Finance/Treasurer  
Dawn Johnson, Treasury Accountant II





PARKS AND RECREATION DIVISION • SWIM CENTRAL  
 One N. University Drive, Suite 401 • Plantation, FL 33324 • 954-357-SWIM • TTY 954-537-2844 • FAX 954-357-8102

Winner of the National Gold Medal Award for Excellence in Park and Recreation Management  
 Accredited by the Commission for Accreditation of Parks and Recreation Agencies (CAPRA)

## MEMORANDUM

Date: November 18, 2009

To: Tymira Mack, Grant Coordinator

From: Matthew Berman, SWIM Central Director *MCB*

Re: SWIM Central Dry Land Presentations

In an effort to close out the 08/09 SWIM Central Grant with the City of Fort Lauderdale I would like to clear up a few provisions in the Agreement that SWIM Central does not need you to comply with.

1.5 States that Contractor will have the Parent/legal guardian for minors fill out and sign a waiver and release liability form on behalf of the County which will be provided to Contractors by County's Contract Administrator.

The following waiver for the in classroom Water Safety Education Program is not required. There is also no need to provide a student roster. SWIM Central will accept an invoice with a signed verification form from the teacher as back up the Presentation took place. In addition the time for setup and break down of Presentations can be billed as part of the Agreement. This is to include preparation time and Extended Questions and answer periods.

The following is a list of materials that have been given out to all participants. All of the give outs were paid for and supplied to Contractor by SWIM Central. Each child will receive a SWIM Central water safety brochure along with an American Red Cross Whales Tales information booklet. The School will also be given an American Red Cross Whales Tales DVD to show in their classrooms.

MB/BH

12-15-09A11:15 RCVD

City of Fort Lauderdale  
 SWIM Central Grant  
 Schedule of Revenues and Expenditures  
 For the Period Ending September 30, 2009

	<u>Contract Award</u>	<u>Actual</u>
<b>REVENUES:</b>		
<u>Intergovernmental - Public Safety</u>		
Broward County Grant	\$30,000	\$ 1,482 <sup>1</sup>
Total Revenues		<u>\$ 1,482</u>
<b>EXPENDITURES:</b>		
<u>Current</u>		
Other Professional Service	\$1,184	\$ 1,184.00
Total Expenditures		<u>\$ 1,184 <sup>2</sup></u>
Excess of Revenues Over - (Under) Expenditures		<u>\$ 298 <sup>2</sup></u>

**Notes:**

<sup>1</sup> Actual revenue received.

<sup>2</sup> FY08 hours/dollars for services rendered were directly expended to index code FIR010102 and were not transferred to the grant index code; thus, were not included in expenditures above.